

Reiver Holdings Limited

Registered No: 04872994

Annual Report and Financial Statements

for the year ended 31 March 2017

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Annual Report and Financial Statements

for the year ended 31 March 2017

Contents

	<i>Page</i>
Company information	3
Strategic report	4
Director's report	5
Director's responsibilities statement	7
Independent auditor's report	8
Income statement	10
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the Financial Statements	13

Company information

Registered No: 04872994

Director

C I Johns

Company Secretary

M Parker

Auditor

Deloitte LLP
Statutory Auditor
One Trinity Gardens
Broad Chare
Newcastle Upon Tyne
United Kingdom
NE1 2HF

Banker

Deutsche Bank
6 Bishopsgate
London
EC2P 2AT

Registered Office

Northumbria House
Abbey Road
Pity Me
Durham
DH1 5FJ

Strategic report

The Director of Reiver Holdings Limited (RHL or the Company) is pleased to present his Strategic Report for the year ended 31 March 2017.

Principal activity and review of the business

RHL is incorporated and domiciled in the UK. The Company's principal activity during the year continued to be to act as a holding company for Reiver Finance Limited (RFL), a special purpose financing vehicle in respect of the securitisation of revenue receivable from the Environment Agency (EA) under the Water Resources Operating Agreement (WROA) relating to Kielder Reservoir. The Company's immediate parent company is Northumbrian Water Limited (NWL).

Results and dividends

The profit for the year, after taxation, amounted to £3 (2016: £7). The financial position remains in line with the Director's expectations. The Director does not recommend the payment of a final dividend (2016: nil). The Director does not consider the setting of KPIs to be relevant to the Company's operations as a holding company.

Risks arising from the Company's financial instruments

The main risk arising from the Company's financial instruments is interest rate risk.

The Company's financing strategy is developed in accordance with the treasury policies of Northumbrian Water Group Limited (NWGL or the Group), whose board reviews and agrees policies for managing each of these risks. These are summarised below and the treasury activities of the Company are conducted in accordance with these policies.

Interest rate risk

The Company receives interest on its bank deposits at floating rates of interest, the interest rate risk is not deemed significant enough to undertake any hedging activity.

Liquidity risk

The Company is responsible for cash management and has no significant cash outflows.

Foreign currency risk

NWGL's policy is that any foreign currency exposure in excess of £100,000 sterling equivalent of a transactional nature, or £3,000,000 sterling equivalent of a translation nature, should be covered immediately on recognition. At 31 March 2017, the Company had no currency exposures (2016: nil) and does not anticipate any foreign currency exposures in the future.

Market price risk

The Company's exposure to market price risk principally comprises interest rate exposure. The Company's policy is to accept a degree of interest rate risk. On the basis of the Company's analysis, it is estimated that a 1% rise in interest rates would not have a material effect.

Approved by the Board and signed



M Parker
Company Secretary
1 December 2017

Director's report

The Director is pleased to present the Annual Report and audited Financial Statements for the year ended 31 March 2017.

Director

The only director to have served during the year and up to the date of signing is Mr C I Johns.

Results and dividends

Information on results and dividends is contained in the Strategic report.

Going concern

The Director confirms that in his opinion, the Company has sufficient resources to continue in operational existence for the foreseeable future. In arriving at his decision the Director has taken account of the positive net assets of the Company and the future expected cash flows.

Accordingly the Director continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Future developments

The Director has no plans to expand the existing operations of the Company.

Treasury operations

The Company's board is responsible for the financing strategy of the Company, which is determined within treasury policies set by NWGL. The aim of this strategy is to assess the ongoing capital requirement of the Company and to raise funding on a timely basis, taking advantage of any favourable market opportunities.

The Treasury department of NWGL carries out treasury operations on behalf of the Company. Surplus funds are invested based upon forecast requirements, in accordance with the treasury policy. On occasion, derivatives are used as part of this process, but the treasury policies prohibit their use for speculation.

Financial instruments

The Company's policy in relation to the use of financial instruments is set out in the Strategic Report.

Political donations

There have been no political donations during the current or prior years.

Director's declaration

As required under Section 418 of the Companies Act 2006, as far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Indemnification of directors

NWGL had Directors' and Officers' insurance in place for the year ended 31 March 2017. On 21 March 2017 NWGL entered into a deed of indemnity to grant the Directors of NWGL and its subsidiaries further protection against liability to third parties, subject to the conditions set out in the Companies Act 2006, and this remains in place.

Director's report (continued)

Auditor

Pursuant to s487 of the Companies Act 2006, Deloitte LLP is deemed to be re-appointed as the Company's auditor for the ensuing year.

Approved by the Board and signed



M Parker
Company Secretary
1 December 2017

Director's responsibilities statement

The Director is responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Director to prepare Financial Statements for each financial period. Under that law the Director has elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 Reduced Disclosure Framework. Under company law the Director must not approve the Financial Statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping proper accounting records which are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Reiver Holdings Limited

We have audited the Financial Statements of Reiver Holdings Limited for the year ended 31 March 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 Reduced Disclosure Framework.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Director and auditor

As explained more fully in the Director's responsibilities statement, the Director is responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Director's report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic report and Director's report have been prepared in accordance with applicable legal requirements.

Independent auditor's report (continued)

to the members of Reiver Holdings Limited

Opinion on other matters prescribed by the Companies Act 2006 (continued)

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Director's report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Anthony Matthews FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Newcastle Upon Tyne, United Kingdom
1 December 2017

Income Statement

for the year ended 31 March 2017

		2017	2016
	Notes	£	£
Continuing operations			
Finance income	4	3	7
<i>Profit before taxation</i>		3	7
Taxation	5	-	-
<i>Profit for the year attributable to the shareholder of the Company</i>		3	7

Statement of comprehensive income

for the year ended 31 March 2017

There was no other comprehensive income attributable to the shareholder of the Company other than the profit of £3 for the year ended 31 March 2017 and the profit of £7 for the year ended 31 March 2016.

Balance sheet

at 31 March 2017

(Registered No: 04872994)

	Notes	2017 £	2016 £
Non-current assets			
Financial investments	6	<u>1</u> 1	<u>1</u> 1
Current assets			
Cash at bank and in hand		<u>12,359</u> 12,359	<u>12,356</u> 12,356
Total assets		<u>12,360</u>	<u>12,357</u>
Current liabilities			
Trade and other payables	7	<u>(1)</u> (1)	<u>(1)</u> (1)
Total liabilities		<u>(1)</u>	<u>(1)</u>
Net assets		<u>12,359</u>	<u>12,356</u>
Capital and reserves			
Share capital	8	10,000	10,000
Profit and loss account		<u>2,359</u>	<u>2,356</u>
Equity attributable to the shareholder of the Company		<u>12,359</u>	<u>12,356</u>

Approved by the Director on 1 December 2017 and signed



C I Johns

Statement of changes in equity

for the year ended 31 March 2017

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Total</i>
	£	£	£
At 1 April 2015	10,000	2,349	12,349
Profit for the year and total comprehensive income	-	7	7
At 31 March 2016	10,000	2,356	12,356
Profit for the year and total comprehensive income	-	3	3
At 31 March 2017	10,000	2,359	12,359

Notes to the Financial Statements

for the year ended 31 March 2017

1. Accounting policies

General information

RHL is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales.

The address of the Company's registered office is shown on page 3. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 4.

These Financial Statements are presented in sterling to the nearest £1.

Consolidation

The Company is a wholly owned subsidiary, whose intermediate parent undertaking is NWGL, a company which produces publicly available consolidated Financial Statements in which the Company is included. Consequently the Company is exempt under the terms of section 400 of the Companies Act 2006 from preparing consolidated Financial Statements. These Financial Statements therefore present information about the Company as an individual undertaking and not about its group.

Basis of accounting

The Company is a qualifying entity for the reduced disclosure framework under FRS 101. These Financial Statements have been prepared in accordance with FRS 101, incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

The Financial Statements have been prepared under the historical cost convention.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective, impairment of assets, related party transactions, financial instruments and capital management.

No new International Financial Reporting Standards (IFRSs) came into effect in the year which had a material impact on the Company.

The principal accounting policies adopted are set out below.

Going concern

The Director continues to adopt the going concern basis in preparing the Financial Statements. Further information is included in the Director's Report.

Notes to the Financial Statements

for the year ended 31 March 2017

1. Accounting policies (continued)

Finance income

Finance income relates to interest receivable on bank deposits (note 4) and is taken to the income statement upon receipt.

Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Fixed asset investments

Fixed asset investments are shown at cost less any provision for impairment in value.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the accounting policies, the Company is required to make certain judgements, estimates and assumptions that it believes are reasonable based on the information available. The Director considers that there are no significant judgements or estimates applied at the balance sheet date, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Financial Statements

for the year ended 31 March 2017

2. Auditor's remuneration

Auditor's remuneration of £1,500 (2016: £3,176) for the audit of the annual Financial Statements was borne by RFL.

3. Staff costs

Excluding the Director, there were no employees during the year (2016: nil). The Director did not receive any remuneration in respect of his services to the Company.

The Director of the Company is remunerated by NWL and NWGL, and, as his services to RHL are incidental to the services provided to NWL and NWGL, receives no remuneration in respect of qualifying services to RHL.

4. Finance income

Finance income relates entirely to interest received on bank deposits.

Notes to the Financial Statements

for the year ended 31 March 2017

5. Taxation

(a) Tax in the income statement	<u>2017</u>	<u>2016</u>
	£	£
Current tax		
Adjustments in respect of prior years:		
- Group relief	1	1
- Funding receivable from RFL	<u>(1)</u>	<u>(1)</u>
Total current tax	<u>-</u>	<u>-</u>
 (b) Reconciliation of the tax charge	 <u>2017</u>	 <u>2016</u>
	£	£
Profit before tax	<u>3</u>	<u>7</u>
Profit before tax multiplied by the rate of UK corporation tax of 20% (2016: 20%)	1	1
Effects at 20% (2016: 20%) of:		
- Expenses not deductible for tax purposes	(1)	(1)
- Adjustments in respect of prior years	1	1
- Tax funding receivable for prior years	<u>(1)</u>	<u>(1)</u>
Total tax charge	<u>-</u>	<u>-</u>

Under arrangements with RFL, the Company receives a contribution to fund its tax liabilities.

(c) Factors that may affect future tax charges

The rate of UK corporation tax for the year has remained at 20%. Finance (No. 2) Act 2015 reduced the rate from 20% to 19% (with effect from 1 April 2017) and to 18% (with effect from 1 April 2020). The 2020 rate was further reduced to 17% by Finance Act 2016.

Notes to the Financial Statements

for the year ended 31 March 2017

6. Financial Investments

£

At 1 April 2016 and 31 March 2017

1

The Company owns 100% of the £1 Ordinary Share capital of RFL, a company incorporated in England and Wales, whose principal activity is to act as a sole special purpose financing vehicle in respect of the securitisation of revenue receivable from the EA under the WROA relating to Kielder Reservoir.

RFL has the same registered office as the Company.

7. Trade and other payables

	<u>2017</u>	<u>2016</u>
	£	£
Amounts owed to other group companies	<u>1</u>	<u>1</u>

8. Share capital

	<u>2017</u>	<u>2016</u>
	£	£
<i>Authorised</i>		
10,000 ordinary shares of £1 each (2016:10,000)	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid</i>		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

9. Contingent liability

As part of the securitisation of revenue receivable from the EA under the WROA, there is a charge over the Company's cash and investment in RFL totalling £12,360 (2016: £12,357).

10. Related parties

The Company is an indirectly wholly owned subsidiary of NWGL, whose publicly available consolidated Financial Statements include the Company. Accordingly, the Company is exempt under the terms of FRS 101 from disclosing transactions with other members of the Group headed by NWGL.

Notes to the Financial Statements

for the year ended 31 March 2017

11. Parent undertaking and controlling party

The Company's immediate parent undertaking is NWL.

In the Director's opinion, the Company's ultimate parent undertaking and controlling party is CK Hutchison Holdings Limited (CKHH), a company listed on the Hong Kong Stock Exchange. This is the parent undertaking of the largest group of undertakings for which group Financial Statements are drawn up and of which the reporting Company is a member. Copies of CKHH's group Financial Statements, which include the Company, are available from <http://www.ckh.com.hk/en/ir/annual.php>. CKHH's registered office is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and is incorporated in the Cayman Islands with limited liability.

The parent undertaking of the smallest group of undertakings for which group Financial Statements are drawn up, and of which the reporting Company is a member, is NWGL, which is incorporated in England and Wales. Copies of NWGL's group Financial Statements are available from Northumbria House, Abbey Road, Pity Me, Durham DH1 5FJ.